

Message Text

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USDOC FOR CHAMBERLIN AND VAN GESSEL

E.O. 11652: N/A

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SUBJECT: PROPOSED TRADE CENTER IN SAO PAULO - CIA CITY PROJECT

1. THREE HIGH RANKING EXECUTIVES ASSOCIATED WITH COMPANHIA CITY (CIA CITY) CALLED AT THE CONGEN THIS MORNING (NOVEMBER 13) TO EXPLAIN STATUS OF THE FIRM'S PLANS FOR CONSTRUCTION OF A SHOPPING CENTER-OFFICE BUILDING COMPLEX ON THE MARGINAL (BELTWAY). (THIS IS ONE OF THE BELTWAY SITES PREVIOUSLY CONSIDERED AND IS CLOSER TO TOWN THAN THE SAO PAULO TRADE CENTER.) CIA CITY IS ASSOCIATED WITH THE DELTEC BANKING CORP. LTD. AND THE PROJECT ON THE MARGINAL WILL BE BUILT IN ASSOCIATION WITH SEARS-ROEBUCK AND ADOLPHO LINDENBER, ONE OF SAO PAULO'S LARGEST CONSTRUCTION COMPANIES. THE OFFICERS CALLING AT THE CONGEN WERE IAN G. ARMSTRONG, SENIOR VICE PRESIDENT OF DELTEC; DAVID BEATY III, DELTEC EXECUTIVE VICE PRESIDENT; AND ELIVALDO B. MARGQUES, DIRECTOR-GENERAL MANAGER OF CIA CITY.

2. THE THREE EXECUTIVES OUTLINED THE PROJECT AS FOLLOWS: A SHOPPING CENTER WITH 50,000 SQUARE METERS CONSTRUCTED AREA AND PARKING FACILITIES FOR 2,000 CARS. OF THIS, SEARS HAS CONTRACTED FOR 14,000 SQUARE METERS. CENTER WILL HAVE A RESTAURANT OF INTERNATIONAL REPUTE, POSSIBLY MAXIMS, FOUR OFFICE BUILDINGS EACH WITH 25,000 SQUARE METERS CONSTRUCTED AREA, I.E., 25 STORIES WITH 1,000 SQUARE METERS PER FLOOR, OF WHICH 943 WILL
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BE NET USABLE AREA OR ALMOST 10,000 SQUARE FEET. A HELIPORT

IS ALSO CONSIDERED. PRESENT PLANS CALL FOR SHOPPING CENTER TO OPEN BETWEEN OCT.-DEC. '75.

3. EXECUTIVES SAID THAT SPACE COULD BE MADE AVAILABLE IN SHOPPING CENTER FOR TRADE CENTER'S EXHIBITION AREA WITH OFFICES ON SECOND FLOOR. ALSO, ALTHOUGH PRESENT PLANS CALL FOR FIRST FLOOR OF THE FOUR OFFICE BUILDINGS TO BE OPEN AREA (FOYER) IF COMMERCE INTERESTED, ADJUSTMENTS COULD BE MADE TO ACCOMMODATE TRADE CENTER AND RELATED OFFICES. HOWEVER, IN VIEW OF WEIGHT-BEARING CAPACITY REQUIRED OF EXHIBITION AREA FOR TRADE CENTER, CIA CITY WOULD HAVE TO KNOW COMMERCE'S INTENTIONS AS SOON AS POSSIBLE BUT BY FEBRUARY AT THE LATEST IN ORDER TO MODIFY ARCHITECTURAL DESIGN BEFORE THEIR TRANSMITTAL TO MUNICIPAL AUTHORITIES FOR APPROVAL. (FEB. DATE DUE TO TIMING LIMITATIONS ON CITY'S CONTRACT WITH SEARS). DELTEC OFFICIALS SAID THAT THEY WERE NOT IN A POSITION TO DISCUSS RENTAL PRICES. HOWEVER, IN AN EARLIER CONVERSATION IN SEPTEMBER DELTEC'S ARMSTRONG HAD INDICATED RENTS WOULD PROBABLY BE AS MUCH AS TWENTY-FIVE PERCENT LESS THAN RENTS IN PAULISTA OR FARIA LIMA.

4. CONGEN OFFICERS TOLD EXECUTIVES THAT USG IN NO POSITION MAKE A COMMITMENT AT THIS TIME BUT THAT WE WERE REASONABLY OPTIMISTIC THAT PLANS FOR TRADE CENTER WERE PROGRESSING ON SCHEDULE AND HOPEFUL THAT FUNDING WOULD BE AVAILABLE IN FY'75. ALSO, THAT IT POSSIBLE THAT WE WOULD KNOW WITHIN NEXT FEW WEEKS WHETHER TRADE CENTER INCLUDED IN FY 75 BUDGET REQUEST AND THAT WE HOPEFUL THAT DEPARTMENT OF COMMERCE EXPERT IN TRADE CENTER SITES WOULD VISIT SAO PAULO IN SPRING TO RECONNOITER DESIRABLE LOCATIONS. WE PROMISED TO PUT THIS EXPERT IN CONTACT WITH CIA CITY OFFICERS.

5. THE THREE EXECUTIVES INDICATED KEEN DESIRE TO HAVE THE PROPOSED TRADE CENTER LOCATED IN THEIR BELTWAY COMPLEX AND SEEMED WILLING TO MODIFY PRESENT DESIGNS TO MEET TRADE CENTER SPECIFICATIONS.

6. ALTHOUGH THE SITE ON THE MARGINAL HAS BEEN CHOSEN AFTER CONSIDERABLE RESEARCH ON TRAFFIC FLOW AND TRENDS IN BUSINESS LOCATION, AND ALTHOUGH IT IS ONLY ABOUT TEN MINUTES FROM THE UNCLASSIFIED

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CITY'S IN-TOWN AIRPORT (CONGONHAS) AND TEN TO FIFTEEN MINUTES FROM ONE OF THE CITY'S MAJOR INDUSTRIAL AREAS (SANTO AMARO), IT IS STILL AT LEAST TWENTY MINUTES IN THE BEST CIRCUMSTANCES AND THIRTY TO FORTY MINUTES IN PEAK TRAFFIC PERIODS FROM DOWNTOWN AREAS. THIS LATTER WOULD POSSIBLY BE A NEGATIVE CONSIDERATION IN LOCATING THE TRADE CENTER THERE DESPITE THE MANY OTHER POSITIVE CONSIDERATIONS.

7. IN ANY EVENT, CONGEN WOULD APPRECIATE ANY INFORMATION THAT
COMMERCE MIGHT FURNISH ON THE CURRENT STATUS OF THE TRADE
CENTER PROJECT.
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